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29 April 1956

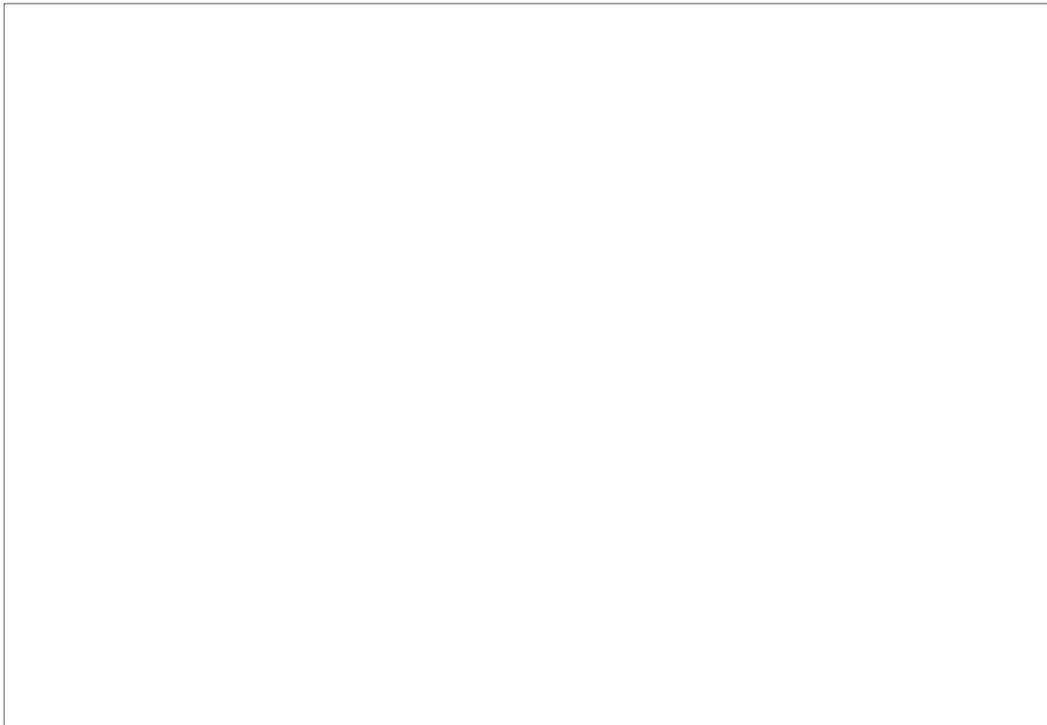


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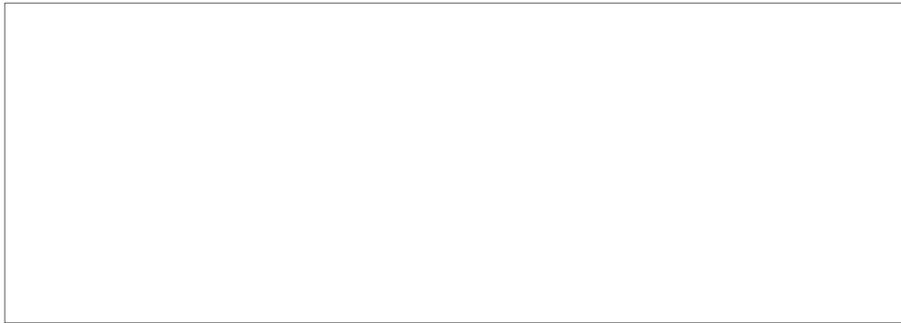
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1. HUNGARIAN AMBASSADOR SAYS RAKOSI'S DISMISSAL IMMINENT

[REDACTED] Matyas Rakosi, first secretary of the Hungarian Workers (Communist) Party probably will be replaced soon,

[REDACTED]
Rakosi was meeting increased opposition from the party central committee.

Comment

Opposition to Rakosi within the Hungarian party has been growing for some time and has become even more open since the Soviet 20th Party Congress in February. This anti-Rakosi sentiment has undoubtedly been strengthened by the demotion of Premier Chervenkov, Bulgarian strong man, earlier this month.

[REDACTED]
however, probably belongs to the "nationalist" faction of the party which opposes Rakosi, and his statement that Rakosi will probably be replaced may reflect only wishful thinking. The ambassador has been very friendly with Western diplomats and has often expressed views critical of Soviet policies and personalities.

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2. HUSSAIN HINTS JORDAN MAY ACCEPT SOVIET BLOC ARMS

[REDACTED] King Hussain told American officials in Amman on 24 April that circumstances may drive Jordan either to ask for American arms or to accept Czech arms, "which we can get tomorrow if we ask for them." Hussain asked what the United States would do if Jordan presented a formal request for arms.

Ambassador Mallory comments that there was an atmosphere of urgency in the talks. He adds that Hussain doubtless feels he cannot remain on the throne without either surrendering to, or in some way countering, the anti-Western pressures surrounding him.

Comment Hussain probably is under heavy pressure from Jordanian army elements to purchase arms from the Soviet bloc and searching for means to maintain his position. The recent Syrian gift to Jordan of at least 1,000 Czech submachine guns has probably whetted the army's appetite.

Egyptian prime minister Nasr has probably encouraged Jordan, as he has other Arab states, to purchase bloc arms. Since Jordan has no significant products for a barter deal, and would require outside financial assistance to purchase arms, Egypt may see an opportunity to accomplish its ends by proposing that Jordan accept Arab financial offers to supplant its annual British subsidy.

[REDACTED]

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3. SOVIET OFFER OF OIL EQUIPMENT FOR ARGENTINA REPORTED

[REDACTED] The chief of the Soviet commercial mission in Buenos Aires visited the administrator of the Argentine State Oilfields monopoly (YPF) [REDACTED]

[REDACTED] to offer Soviet oil drilling and other petroleum equipment needed by YPF, [REDACTED]

[REDACTED] The Soviet representative also offered steel sheets adequate to cover 80 percent of the material needed for the construction of YPF's planned pipeline system. The terms would include credit of 15 to 20 years and 2.5 percent annual interest.

The YPF administrator is reported to have been impressed and to have asked for a written offer as soon as possible.

Comment

The reported Soviet offer appears to be in response to the Argentine announcement on 7 March that YPF would publish "on both sides of the iron curtain" a call for bids for the financing of \$250,000,000 worth of pipeline, gas line, and miscellaneous petroleum equipment. Bids were to be submitted by 15 May and provide for payments to begin in 1959 and be spread over a 15-year period.

Pipeline construction is being given priority in Argentina government planning to reduce imports of petroleum, which costs Argentina some \$200,000,000 annually. Argentine exports to the USSR amounted to about \$36,000,000 in 1954. (Concurred in by ORR)

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4. FRENCH ACCUSE PRO-GERMANS OF "CAMPAIGN OF TERROR" IN SAAR

According to a French Foreign Ministry spokesman, Foreign Minister Pineau and Secretary of State for Foreign Affairs Maurice Faure

beneve that the "campaign of terror" in the Saar against Saar ex-premier Hoffman's political party will, if not checked, cause French-German negotiations on the territory to break down. The Foreign Ministry spokesman said that the meeting scheduled for late May between French premier Mollet and West German chancellor Adenauer is the only hope for improvement. He stated that the West Germans have flatly rejected the concept that the French-Saar economic union should be phased out gradually over a period of five to ten years and have called for its immediate dissolution.

A French senator told the embassy on 26 April that he had seen Hoffman in Paris and that the latter feared for his life in the Saar.

Comment

Since the unsuccessful 27 March meeting of Faure and West German state secretary Hallstein, both sides have apparently marked time awaiting the Mollet-Adenauer meeting. In the interim Heinrich Schneider, the neo-Nazi leader in the Saar, is apparently attempting to recoup his reportedly waning political fortunes by stepping up his anti-French campaign. While there has been no evidence of violence or actual "terror," there have been threats by pro-German extremists of political and commercial retaliation or social ostracism against those Hoffman supporters who remain politically active outside the pro-German parties.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 29 April)

Three incidents on the Egyptian-Israeli border, and one on the Jordanian-Israeli border were reported over the week end. An Israeli policeman was killed in a clash with Egyptian national guards in the Gaza strip, and one Israeli soldier was killed and two others wounded when their vehicle struck what Israel charged was a "freshly planted" land mine five miles east of the Gaza strip. Israel also charged that Egyptian troops kidnaped an Israeli youth from a settlement near Nahal. Jordanian infiltrators were reported to have blasted a well in an Israeli settlement in the Lakhish area. (Press)

United Nations relief officials have reported to the press rumors that Arab refugees living in the Gaza strip are preparing a "peaceful mass march" back to their former homes in Israel in June. No source can be found to confirm these rumors, but many of the 250,000 refugees believe them. (Press)

On 26 April, Cairo informed its arms mission in Prague that the "air force needs airfield construction experts to advise on and supervise the construction of new bases." Deliveries of Soviet bloc jet fighter and light bomber aircraft have over-taxed Egypt's present airfield facilities.